Policy on revival of sick industries

1509. DR. RANBIR SINGH:
SHRI RAMNATH KOVIND:

Will the PRIME MINISTER be pleased to state:

(a) whether Government intend to review its policy for revival of sick industries both in the public and private sectors;

(b) if so, the details thereof; and

(c) if not, how Government propose to check the growing number of sick industries?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (SHRIMATI KRISHNA SAHI): (a) No, Sir.

(b) Does not arise.

(c) The Government has taken a number of steps for revival of sick industrial units. Some of the important steps are given in the Statement.

Statement

Steps taken by Government for revival of sick Industrial units

The Government has enacted a comprehensive legislation namely 'The Sick Industrial Companies (Special Provisions) Act, 1985'. A quasi-judicial body designated as 'The Board for Industrial and Financial Reconstruction (BIFR)' has been set up under the Act to deal with the problems of the sick industrial companies in an effective manner, which has become operational with effect from the 15th May, 1987.

(2) The Reserve Bank of India has issued guidelines to the banks for strengthening the monitoring systems and for arresting industrial sickness at the incipient stage so that corrective measures are taken in time.

(3) The banks have also been directed by the Reserve Bank of India to formulate rehabilitation packages for the revival of potentially viable units. The banks and financial institutions evolve rehabilitation packages for the revival of sick units.

(4) Reserve Bank of India has also issued guidelines separately to the banks indicating parameters within which banks could grant reliefs and concessions for rehabilitation of potentially viable sick units without reference to RBI both in the large and small scale sector.

(5) Revival of sick industrial units is also done by amalgamation/merger of sick units with healthy units. Tax benefits are given under Section 72(A) of the Income Tax Act, 1961 to the healthy company for revival of the amalgamating sick unit.

(6) Government has set up the National Renewal Fund which would, inter-alia, provide for payment of compensation to workers affected by industrial restructuring.

(7) On the advice of the Government of India, Reserve Bank of India has set up State Level Inter-Institutional Committees (SLIICs) in all States under the Chairmanship of Secretary, Industries Department of the concerned State Governments for working out a rehabilitation package for revival of viable sick small scale units.

(8) Financial assistance in the form of long term equity type assistance upto Rs. 1,50,000/- to units with a project cost not exceeding Rs. 10 lakhs at a nominal service charge of one per cent per annum is also available to potentially viable sick small scale industrial units from the National Equity Fund set up in August, 1987.

(9) Small Industries Development Bank of India (SIDBI) has been established to function as an Apex Bank for tiny and small scale industries.

A separate Refinance Scheme for Rehabilitation (RSR) is being managed by SIDBI for revival of potentially viable sick small scale industrial units.